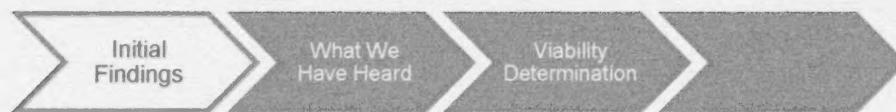


Town of Swan Hills Viability Review

Initial Findings Report

April 2014



A report regarding the viability of the Town of Swan Hills
by the Town of Swan Hills Viability Review Team

Viability Review Team

Town of Swan Hills Viability Review

Alberta Municipal Affairs

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Table of Contents

| | |
|--|----|
| How to read this report..... | 4 |
| Executive Summary | 5 |
| Municipal Sustainability Strategy and the Viability Review | 6 |
| Town of Swan Hills Viability Review | 7 |
| Viability Review Team..... | 7 |
| Viability Review Team Mandate | 7 |
| Performance on Key Measures of Sustainability | 8 |
| Municipal Self-Assessment Questionnaire | 9 |
| Overview of the Town of Swan Hills | 10 |
| History and Profile | 10 |
| Town of Swan Hills Initial Findings | 11 |
| 1. Sustainable Governance | 11 |
| 2. Regional Co-operation | 15 |
| 3. Operational and Administrative Capacity | 16 |
| 4. Financial Stability | 18 |
| 5. Infrastructure | 32 |
| 6. Service Delivery | 35 |
| 7. Community Well-being..... | 38 |
| 8. Risk Management | 41 |
| How You Can Contribute to the Viability Review | 43 |
| Considerations for Stakeholder Input | 43 |
| Ways to Contribute to the Viability Review | 43 |
| Questions? | 44 |

How to read this report

This Initial Findings Report provides information about the Town of Swan Hills' finance and governance, as well as programs and services that are offered by the town for the Swan Hills community.

The information contained in this report is based on provincial records and information provided by the Town of Swan Hills from June 2013 to March 2014 and is reflective of the information available at that time.

Introduction

The Initial Findings Report was developed as part of the Town of Swan Hills Viability Review in order to determine the viability of the Town of Swan Hills (town) as an incorporated municipality. The structure of this report reflects the spirit of the Government of Alberta's Municipal Sustainability Strategy, and the Viability Review Team's approach to the determination of the town's viability.

This report is divided into five sections:

Section 1 provides an overview of the Government of Alberta's Municipal Sustainability Strategy.

Section 2 contains information on the Town of Swan Hills Viability Review, including composition and mandate of the Viability Review Team, and the viability review process.

Section 3 provides a profile of the town.

Section 4 presents the Viability Review Team's initial findings of the town's viability based on the eight areas identified in the Municipal Sustainability Strategy. The information includes comparisons with municipalities in the region, and municipalities in Alberta with similar population.

Section 5 provides information on the next steps in the viability review process including the opportunities for the public to provide input and to participate in the process.

Executive Summary

In May 2013, following a request from the council of the Town of Swan Hills that a dissolution study be undertaken for the town, the Minister of Municipal Affairs advised that a study would proceed in the form of a viability review.

A viability review is led by a viability review team and includes an analysis of the finances, governance, infrastructure, and programs and services of the municipality. Stakeholder engagement is also an integral part of the viability review process.

In June 2013, an initial stakeholder input form was distributed to Swan Hills residents and property owners as part of the stakeholder engagement component of the viability review. The form gave stakeholders an opportunity to provide input about the town to the viability review team.

In August 2013, the Town of Swan Hills Viability Review Team (team) was convened to lead the viability review for the Town of Swan Hills. The team consists of one elected and administrative official from the Town of Swan Hills and from the Municipal District of Big Lakes, and one representative each from the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities Association, the Alberta Rural Municipal Administrators Association, the Local Government Administration Association and Alberta Municipal Affairs.

As of April 2014, the team has:

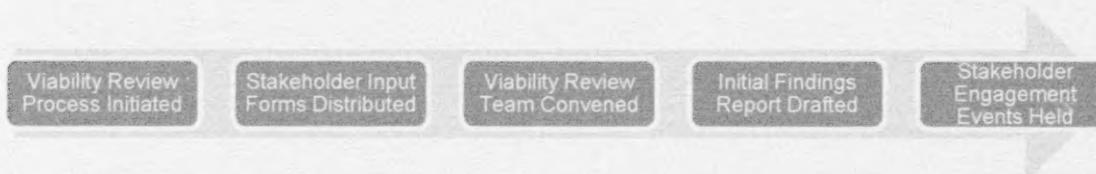
- met on four occasions;
- reviewed the input provided by stakeholders on the initial input forms;
- collected, analyzed, and compiled information about the town's finances, governance, infrastructure, and programs and services in the **Initial Findings Report**; and
- planned to hold stakeholder engagement events in May 2014 to explain the viability review process, to give stakeholders an opportunity to discuss the viability of the Town of Swan Hills, and to gather input regarding the viability of the Town of Swan Hills.

Residents, property owners, and other stakeholders are encouraged to read the Initial Findings Report, to attend the stakeholder engagement events in May, and to join in the discussion about the viability of the Town of Swan Hills.

Following the stakeholder engagement event, the team will:

- compile information collected at the stakeholder event and from the initial stakeholder input forms into the **What We Have Heard Report**; and
- consider the information in the Initial Findings Report and the What We Have Heard Report in order to render a viability determination for the Town of Swan Hills.

The next steps in the viability review process, following the rendition of the viability determination, will be dependent on whether the viability review team determines the Town of Swan Hills to be viable or trending towards non-viability. Stakeholders will continue to be kept informed of the viability review as it proceeds.



Municipal Sustainability Strategy and the Viability Review

The Municipal Sustainability Strategy was developed in collaboration with Alberta's municipal associations to bring key decision makers together and to empower communities to make sound decisions about their future that are based on collaboration, cooperation, and a vision of success.

The Municipal Sustainability Strategy can be found on the Municipal Affairs website at:

<http://municipalaffairs.alberta.ca/1330.cfm>.

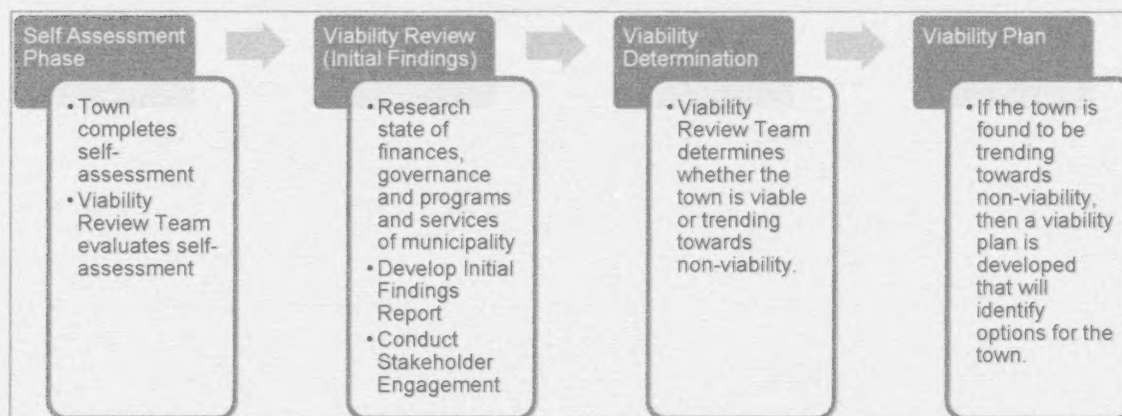
With the introduction of the Municipal Sustainability Strategy (MSS), the viability review process replaced the dissolution study process previously used by Alberta Municipal Affairs.

The viability review process focuses on:

- finding solutions through a strong partnership of neighbouring municipalities, municipal associations, and Municipal Affairs;
- engaging and involving the community, including neighbouring municipalities;
- supporting community development and community identity; and
- developing a suite of solution-focused options including, but not limited to restructuring, for a municipality whose sustainability or viability is in jeopardy.

The viability review is the process to determine the viability of a municipality and if required, to develop a plan that would lead the municipality to viability. The viability review process includes:

- The completion of the MSS self-assessment questionnaire, which is designed to help municipalities assess and enhance their own viability by assisting them to identify where and how they might improve;
- A viability review, which includes:
 1. stakeholder engagement throughout the viability review process;
 2. the development of an Initial Findings Report that reviews the finances and governance of the municipality, and the programs and services that are currently provided by the municipality;
 3. a viability determination by the viability review team; and
 4. if the viability review team determines that the municipality is trending towards being non-viable, the development of a viability plan that is created with community and stakeholder engagement, and identifies options for the municipality to achieve viability.



Town of Swan Hills Viability Review

In April 2013, the Town of Swan Hills requested that the Minister of Municipal Affairs undertake a dissolution study for the town.

According to the council of the Town of Swan Hills:

The goal of the council is to ensure the long-term viability of the Town of Swan Hills. The greatest threat to the town's viability is the massive infrastructure deficit. Having defined the extent of this problem through the town's engineering study, the problem cannot be resolved with the town's current resources.

In addition, the town depends upon transfers from the Municipal District of Big Lakes to cover operational costs. The town is entirely dependent on the goodwill of the MD on a year-to-year basis.

The town is also very dependent on provincial grants for operational and capital funding. It is apparent to all municipalities that this funding will not be sustained. The town was created to service the industry active in the area and yet it cannot directly benefit from that activity. The burden of maintaining these services falls directly on the residents and local businesses.

The council arrived at the option of dissolution after extensive discussions with the MD of Big Lakes.

Pursuant to Section 102(2) of the *Municipal Government Act (MGA)*, at the time, the Minister was mandated to conduct a dissolution study if requested by a municipal council. The form of the study was at the Minister's discretion. In May 2013, the Minister decided to undertake a dissolution study for the Town of Swan Hills in the form of a viability review.

The Town of Swan Hills viability review officially began in August 2013 when the Town of Swan Hills Viability Review Team met for the first time.

Viability Review Team

Each viability review is led by a viability review team composed of one elected and one administrative official from each of the affected municipalities, and one representative each from the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities Association, the Alberta Rural Municipal Administrators Association, the Local Government Administration Association and Alberta Municipal Affairs. Municipal Affairs staff also provide research, coordination and other support to the team.

Viability Review Team Mandate

The Minister gave the Town of Swan Hills Viability Review Team the mandate to collaboratively:

- evaluate the viability of the Town of Swan Hills;
- lead public engagement of local residents, property owners, and other stakeholders in the affected municipalities;
- if required, develop a viability plan for Swan Hills that focuses on partnerships between neighbouring municipalities, municipal associations, and Alberta Municipal Affairs;
- develop an implementation plan for the selected viability option; and
- provide feedback to Alberta Municipal Affairs on the municipal viability review process.

Based on the direction set by the viability review team, information concerning the Town of Swan Hills finances, governance, infrastructure, and programs and services was collected from the town administration and from provincial records. The information was reviewed and analyzed by the viability review team and the results incorporated in the Town of Swan Hills Initial Findings Report.

The following individuals have served on the Town of Swan Hills Viability Review Team:

| Town of Swan Hills Viability Review Team | | |
|--|--------------------------------|--|
| Member | Term | Representing |
| Bill Diepeveen, Chair | March 2014 to Present | Alberta Municipal Affairs |
| Coral Callioux, Chair | August 2013 to February 2014 | |
| John Desjardins | August 2013 to Present | Town of Swan Hills (elected official) |
| Doug Borg | January 2014 to Present | Town of Swan Hills |
| Arlos Crofts | August 2013 to January 2014 | (administrative official) |
| Ken Killeen | August 2013 to Present | Municipal District of Big Lakes (elected official) |
| Bill Kostiw | February 2014 to Present | Municipal District of Big Lakes |
| Bill Landiuk | September 2013 to January 2014 | (administrative official) |
| Ken Bosman | August 2013 | |
| Tom Burton | August 2013 to Present | Alberta Association of Municipal Districts and Counties |
| Maryann Chichak | January 2014 to Present | Alberta Urban Municipalities |
| North Darling | August to October 2013 | Association |
| Luc Mercier | August 2013 to Present | Alberta Rural Municipal Administrators' Association |
| Garry Peterson | August 2013 to Present | Local Government Administration Association |

Performance on Key Measures of Sustainability

The Municipal Sustainability Strategy outlines eight key measures of sustainability for municipalities in Alberta. The key measures are designed so that a municipality that answers yes to three of the eight key measures, or to measure #3 alone, is flagged for further review.

The key measures are:

1. Has your municipality incurred an annual deficit for the past two consecutive years, or five out of the past ten years?
2. Does your municipality have less than a 1:1 ratio of current assets to current liabilities?
3. Has your municipality received a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to your most recent annual financial statements?
4. Has your municipality reached 80 percent or more of its debt and debt service limit?
5. Do provincial and federal grants account for 50 percent or more of your municipality's total revenue?
6. Has your municipality's non-residential assessment base declined substantially as a proportion of the municipality's overall assessment base, over the past 10 years?
7. Does your municipality have more than 10 percent of current property tax unpaid for the most recent completed fiscal year?
8. Has your municipality experienced a decline in population over the last 20 years?

When assessed against the key measures in August 2013 (based on 2012 audited financial statements), the Town of Swan Hills triggered two of the eight key measures as shown in the following table.

Table 1: Town of Swan Hills Performance on the Key Measures

| Swan Hills' Responses to the Questions | | | | | | | |
|--|--------|--------|--------|--------|---------|--------|---------|
| 1 - No | 2 - No | 3 - No | 4 - No | 5 - No | 6 - Yes | 7 - No | 8 - Yes |

The performance of the Town of Swan Hills on the key measures is included in the relevant sections of this report.

Municipal Self-Assessment Questionnaire

The Self-Assessment Questionnaire was developed to assist municipal officials in assessing a municipality's viability. The self-assessment questionnaire includes measures and indicators of viability, highlights best practices, and may lead the municipal officials to consider some enhancements that the municipality may wish to adopt. The self-assessment is composed of 124 questions organized into eight broad subject areas. The self-assessment questionnaire can be found on the Alberta Municipal Affairs website at: <http://municipalaffairs.alberta.ca/1330.cfm>.

The eight broad subject areas in which to assess the viability of a municipality are:

| | | | |
|------------------------|-----------------------|---|---------------------|
| Sustainable Governance | Regional Co-operation | Operational and Administrative Capacity | Financial Stability |
| Infrastructure | Service Delivery | Community Well-being | Risk Management |

Sustainable governance addresses topics such as council practices and procedures, compliance with legislation, citizen engagement, and strategic planning.

Regional co-operation addresses the municipality's approach to collaborating with neighbours for the benefit of local and regional residents.

Operational and administrative capacity addresses the capacity of the municipality to operate on a daily basis and support council decisions.

Financial stability addresses the municipality's capacity to generate and manage revenues sufficient to provide necessary infrastructure and services to the public.

Infrastructure addresses the municipality's capacity to manage public infrastructure effectively and efficiently on behalf of residents.

Service delivery addresses the capacity of the municipality to provide essential services that meet residents' expectations and any appropriate standards.

Community well-being addresses local community characteristics that contribute to the vitality of the community and the long-term viability of the municipality.

Risk management addresses the capacity of the municipality to identify and manage key risks on behalf of residents.

These eight broad areas and the Town of Swan Hills's responses in each of the areas in the self-assessment questionnaire are reflected throughout the Initial Findings Report.

Overview of the Town of Swan Hills

History and Profile

Oil was discovered in the Swan Hills area in the late 1950s. Companies undertaking work in the oilfield requested the establishment of a permanent town site to serve the area, and members of the public expressed a desire to establish themselves in various businesses, trades, or professions and to build houses in the community. In response to the requests, the Government of Alberta established the New Town of Swan Hills on September 1, 1959 pursuant to Alberta legislation at the time, the *New Towns Act*.

In October 1966, the board of governors that governed Swan Hills passed a resolution requesting that the New Town of Swan Hills be established as a town. Following a recommendation from the Minister of Municipal Affairs to Cabinet, the existing Town of Swan Hills (town) was established.

Although considered to be in northern Alberta, the town is located near the geographic centre of the province and is in the Municipal District of Big Lakes (MD). Located on highways 32 and 33 (Grizzly Trail), the town is approximately 80 kilometres north of the Town of Whitecourt in Woodlands County, 100 kilometres northwest of the Town of Barrhead in the County of Barrhead, and 150 kilometres southeast of the Town of High Prairie.

The MD office is located in the Town of High Prairie the other municipality within the MD. The hamlets (unincorporated communities) of Enilda, Faust, Grouard, Joussard, and Kinuso are located in and governed by the MD.

The town also compares itself to the Town of Fox Creek in the Municipal District of Greenview, as Fox Creek was also formed as a New Town by the province in 1967.

As determined by the 2011 federal census, the current population of the town is 1,465 residents. This was a decline of 393 residents from the 2008 municipal census when 1,858 residents were counted. The population of the Municipal District of Big Lakes was 3,861 in 2013.

For the purposes of analyzing the Town of Swan Hills, two groups of Alberta municipalities were selected to compare the town's finances, governance, and other statistics. The first group is comprised of municipalities within the region and the Town of Fox Creek with whom the Town of Swan Hills compares itself. Due to the differences between the population, finances, and capacity of the municipalities within the region, a second group of municipalities with populations similar to the town's population was also selected for comparisons in this report.

The municipalities used for comparison:

- in the region are the towns of Barrhead, Fox Creek, and Whitecourt, the Municipal District of Big Lakes, and Woodlands County; and
- with similar population are the towns of Bon Accord, Bruderheim, Elk Point, Lamont, Mayerthorpe, Picture Butte, Two Hills, and Wembley.

Town of Swan Hills Initial Findings

1. Sustainable Governance

Council

The Town of Swan Hills council consists of the mayor and six councillors for a total of seven council members. The mayor and councillors are elected at-large by the electors of the town. The town council holds regular meetings on the second and fourth Wednesday of each month in the council chambers in the municipal offices.

The Town of Swan Hills Council Procedural Bylaw provides for the regulation of proceedings of council and committees. Delegations are scheduled to make presentations to council at the beginning of council meetings, and the council provides an opportunity for the public to ask questions during a question and answer time at the end of council meetings.

During the annual organizational meeting, council members are appointed to various boards and committees to represent the interests of town residents. Following the municipal election on October 21, 2013, the council held the annual organizational meeting and council members were appointed to represent the town on approximately 30 boards and committees. It was determined that during the four-year term of office each councillor would serve as deputy mayor on an eight-month rotational basis.

Council Remuneration

Effective January 1, 2012, council members' remuneration was increased. The amount council members receive is listed in the Honorarium and Council Per Diem Compensation Policy 11-001. According to the policy, council members are paid a monthly base stipend and a half-day or full day per diem rate for attendance at meetings outside the Town of Swan Hills, plus eligible mileage expenses for travel to these meetings at \$0.50 per kilometre. The following tables compare the current council remuneration costs with those prior to 2012.

Table 2: Council Remuneration Costs – Monthly Stipend

| Councillor Status | Rate Prior to 2012 | Rate 2012 to 2014 | Per Cent Increase |
|-------------------|--------------------|-------------------|-------------------|
| Mayor | \$1,158.50 | \$2,080 | 80% |
| Deputy Mayor | \$905.04 | \$1,080 | 19% |
| Councillors | \$580.29 | \$1,080 | 86% |

Table 3: Council Remuneration – Per Diem Rates for Meetings Outside Swan Hills

| Councillor Status | Length of Meeting | Rate Prior to 2012 | Rate 2012 to 2014 | Per Cent Increase |
|-----------------------|------------------------------|--------------------|-------------------|-------------------|
| Mayor and Councillors | Full Day (more than 4 hours) | \$60 | \$160 | 167% |
| Mayor and Councillors | Half-Day (less than 4 Hours) | \$30 | \$92 | 207% |

Collectively, the total remuneration costs for town council in 2012 was \$123,068. The costs in prior years were relatively consistent and ranged from \$77,168 in 2011 to \$81,237 in 2009.

Tables 4 and 5 provide the population, the number of councillors including mayor, and the council remuneration costs in 2012 for the municipalities in the region and the municipalities with similar population.

**Table 4: Comparison of Council Size and Remuneration Costs, 2012
Municipalities in the Region**

| Municipality | Population | Size of Council | Remuneration Costs |
|---------------------------|--------------|-----------------|--------------------|
| Town of Fox Creek | 2,112 | 7 | \$68,168 |
| Town of Swan Hills | 1,465 | 7 | \$123,068 |
| Town of Barrhead | 4,432 | 7 | \$153,445 |
| Town of Whitecourt | 10,574 | 7 | \$238,242 |
| MD of Big Lakes | 3,861 | 9 | \$242,503 |
| Woodlands County | 4,306 | 7 | \$418,387 |

**Table 5: Comparison of Council Size and Remuneration 2012
Towns of Similar Population**

| Municipality | Population 2013 | Size of Council | Remuneration Costs 2012 |
|---------------------------|--------------------|-----------------|----------------------------|
| Town of Wembley | 1,410 | 7 | \$38,407 |
| Town of Lamont | 1,753 | 7 | \$41,000 |
| Town of Bon Accord | 1,488 | 5 | \$42,774 |
| Town of Mayerthorpe | 1,398 | 7 | \$58,723 |
| Town of Picture Butte | 1,650 | 7 | \$61,350 |
| Town of Elk Point | 1,571 | 5 | \$84,328 |
| Town of Two Hills | 1,431 | 5 | \$87,327 |
| Town of Swan Hills | 1,465 | 7 | \$123,068 |
| Town of Bruderheim | 1,298 | 7 | \$156,471 |

As shown in Tables 4 and 5 when compared to these municipalities:

- the Town of Swan Hills has the same number of councillors, seven, as the other towns within the region;
- three of the eight municipalities with similar population have five councillors and five have the same number of councillors as Swan Hills; and
- the total cost of remuneration for the Town of Swan Hills' council is next to the lowest in the region and the second highest of the municipalities with similar population.

For each of the compared municipalities, it is not known if the councillors receive benefits at the cost of the municipality or if the cost of benefits and travel is included in the council remuneration as stated in the municipality's annual financial statements.

Local Elections

Starting in October 2013, municipal councils are elected for four-year terms. Prior to that, councils were elected for three-year terms. By-elections are held to fill vacancies on a council during a term of office. Table 6 contains the election history of the Town of Swan Hills for the past three election cycles.

Table 6: General Elections and By-elections, 2004 to 2013

| Year | Position | Acclamation or Election | Number of Candidates | Number of Positions | Number of voters |
|-----------------------|------------|-------------------------|----------------------|---------------------|------------------|
| 2004 General Election | Mayor | Election | 3 | 1 | 527 |
| | Councillor | Election | 9 | 6 | 527 |
| 2006 By-election | Councillor | Acclamation | 1 | 1 | Not applicable |
| 2007 General Election | Mayor | Election | 2 | 1 | 395 |
| | Councillor | Acclamation | 6 | 6 | Not applicable |
| 2010 General Election | Mayor | Election | 2 | 1 | 573 |
| | Councillor | Election | 11 | 6 | 573 |
| 2013 General Election | Mayor | Acclamation | 1 | 1 | Not applicable |
| | Councillor | Election | 8 | 6 | 373 |

In February 2013, the mayor of the Town of Swan Hills resigned. As there was less than 12 months before the general election in October 2013, the town council chose not to hold a by-election, to appoint a councillor to the position of Acting Mayor, and to govern with six council members. This action of council was within its authority in accordance with the *Municipal Government Act*.

Bylaws and Policies

To assist with consistent governance, operations, and services, municipalities have bylaws and policies. Typically, municipal bylaws describe what will occur and policies outline procedures.

The Town of Swan Hills has approximately 150 active bylaws to govern matters in Swan Hills including:

- council procedures;
- appointment of the chief administrative officer, development officer, bylaw officer, and municipal assessor;
- municipal borrowing;
- assessment complaints;
- annual property tax rates and tax payment plan;
- utility services and rates;
- animal control, nuisances, and noise;
- snow removal;
- traffic;
- land use and municipal development;
- parks and campground; and
- emergency management.

In addition to the bylaws, the town has human resource, operational, and corporate policies that address matters such as:

- hiring of employees,
- vacation, sick leave, and general holidays;
- employee recognition;
- use of municipal vehicles;
- employee conduct and work rules;
- council remuneration;
- council code of ethics and conduct;

- purchasing and account processing; and
- privacy protection.

Bylaws and policies are public documents. A number of the current bylaws are published on the town website. Enforcement of bylaws is explained in Section 6, Services Delivery, under Policing and Bylaw Enforcement.

Strategic and Sustainability Planning

In August 2010, the council adopted a long-term sustainability plan for the town to guide future town policy. The Swan Hills Sustainability Advisory Committee provided leadership in the development of the plan that includes short-term (0-5 years), medium-term (5-10 years), and long-term (10-20 years) actions in addition to ongoing actions. Upon completion of the Sustainability Plan, the Municipal Sustainability Committee, now the Community Matters Committee, was formed and tasked with leading some of the actions in the plan. Until a year ago, the committee met on a regular basis. It was instrumental in emphasizing the importance of following through on the skateboard project as well as some of the other goals and objectives outlined in the sustainability plan.

In 2009, as part of the sustainability planning process, the council adopted a definition of sustainability, and developed a vision statement and core values for the ongoing sustainable development of the town.

Town of Swan Hills definition of Sustainability:

"Sustainability is development that meets present day needs without compromising the ability of future generations to meeting their needs."

Town of Swan Hills Vision Statement:

The Town of Swan Hills:

- is a clean, safe, peaceful, and proud community nestled in the geographical heart of Alberta;
- is a family oriented community that provides an economically and environmentally sound lifestyle choice for its citizens and visitors;
- offers vast surrounding beauty and unmatched all year-round outdoor recreational activities;
- takes pride in its sustainable, diverse, and vibrant economy, and values and supports an emerging arts, cultural, and recreational environment.

Town of Swan Hills Core Values:

- The Town of Swan Hills is a community that conducts its activities in a friendly, accountable, transparent manner that respects our environment and all peoples.
- The Town of Swan Hills strives for a safer, friendlier, family centred community build upon values of sustainability, in conjunction with accountable and transparent government.
- The community of Swan Hills will demonstrate leadership in the community through an honest, ethical, transparent, accountable, and environmentally friendly manner.

Communications and Community Engagement

The town makes public announcements and provides information in the local newspaper, the Grizzly Gazette. Community members can find information, including town bylaws, on the municipal website. The town is also in the process of linking a Facebook page to the website.

10-year Capital Spending Plan - Summary

At the regular meeting on June 26, 2013, the town council approved a 10-year Capital Spending Plan. Based on the Engineering Report, the plan is for upgrades and equipment associated with the water and wastewater systems, public works equipment (PW), town facilities, and protective services equipment and facilities at a total cost of \$19,683,050. The plan does not outline how the projects will be funded. Additional information about the proposed projects is provided in the operational and administrative capacity, financial stability, infrastructure, community well-being, and risk management sections of this report. Costs associated with the spending plan are in 2012 dollars. Tables 7a and 7b provide a summary of the proposed expenditures for the years 2012 to 2022.

Table 7a: Town of Swan Hills Proposed Capital Spending Plan Summary, 2012 to 2017

| Summary | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Water-Wastewater | \$0 | \$2,388,000 | \$1,473,000 | \$1,644,000 | \$1,453,000 | \$1,360,000 |
| PW Equipment | \$398,000 | \$528,000 | \$310,000 | \$330,000 | \$255,000 | \$240,000 |
| Administration and Recreation Facilities | \$53,000 | \$180,000 | \$190,000 | \$161,500 | \$201,500 | \$129,500 |
| Protective Services | \$25,000 | \$65,000 | \$107,000 | \$132,000 | \$267,000 | \$7,000 |
| Total | \$476,000 | \$3,161,000 | \$2,080,000 | \$2,267,500 | \$2,176,500 | \$1,736,500 |

Table 7b: Town of Swan Hills Proposed Capital Spending Plan Summary, 2018 to 2022

| Summary | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Water-Wastewater | \$1,367,500 | \$1,124,000 | \$1,348,450 | \$1,328,450 | \$1,192,150 | \$14,678,550 |
| PW Equipment | \$200,000 | \$100,000 | \$150,000 | \$150,000 | \$100,000 | \$2,761,000 |
| Facilities | \$290,000 | \$103,000 | \$60,000 | \$140,000 | \$0 | \$1,508,500 |
| Protective Services | \$7,000 | \$19,000 | \$7,000 | \$32,000 | \$67,000 | \$735,000 |
| Total | \$1,864,500 | \$1,346,000 | \$1,565,450 | \$1,650,450 | \$1,359,150 | \$19,683,050 |

2. Regional Co-operation**Relationship with the Municipal District of Big Lakes**

The Town of Swan Hills and the Municipal District of Big Lakes have formed an Intermunicipal Affairs Committee. Members of council and administration of the municipalities meet three or four times a year to discuss issues of mutual interest.

In March 2013, a Memorandum of Understanding (MOU) was developed by the town and the MD. The MOU is a formal commitment to work towards municipal viability. The town and MD agreed in principle to the dissolution of the Town of Swan Hills. The MOU lists mutually understood and agreed to statements regarding governance, property taxes, and municipal services (recreation, utilities, and operational).

In September 2008, the MD agreed to transfer \$650,000 annually, from 2009 to 2013, to the town in recognition of services provided by the town. During the term of the agreement, residents of the MD have access to town municipal facilities and services in the same way as town residents. In August 2013, the agreement was extended for an additional year to December 2014. Table 8 shows the funding that the MD provided to the town from 2003 to 2014.

Table 8: Transfer Payments from the MD to the Town, 2003 - 2014

| Years | Annual Funding Amount |
|-------------|-----------------------|
| 2003 - 2004 | \$225,000 |
| 2005 - 2008 | \$245,000 |
| 2009 - 2014 | \$650,000 |

Intermunicipal Relationships

The town is a member of the Capital Region Assessment Services Commission receiving assessment and assessment appeal board services through the commission.

Swan Hills provides peace officer services on request to Woodlands County, accesses dog pound services in High Prairie, and has an agreement with the Municipal District of Big Lakes for utility operator services.

According to town administration, the remoteness of Swan Hills limits the feasibility of collaborating with other municipalities to provide municipal services.

3. Operational and Administrative Capacity

Administrative Functions, Processes, and Procedures

The Town of Swan Hills municipal office is located at 4812 – 50 Street in Swan Hills. The office is open Monday to Friday from 8:00 a.m. to 12:30 p.m. and 1:30 p.m. to 4:30 p.m.

In addition to providing municipal services, the town is an authorized Alberta Registry Agent. The franchise is 100 per cent owned by the town through the Town of Swan Hills Registries Corporation. Provided as a service to the residents of Swan Hills, the operation is subsidized from general revenues if required. Town staff cross-train to fill the full-time staff position required to operate the registry.

Administration is in the process of developing policy to address administrative processes and procedures to guide staff in the day-to-day operation of the town. Current policies include procedures for purchasing and account processing, administration of contracts, land sales, disposal of assets, firefighting and billing, and a community peace officer operational policy and procedures manual.

Human Resources

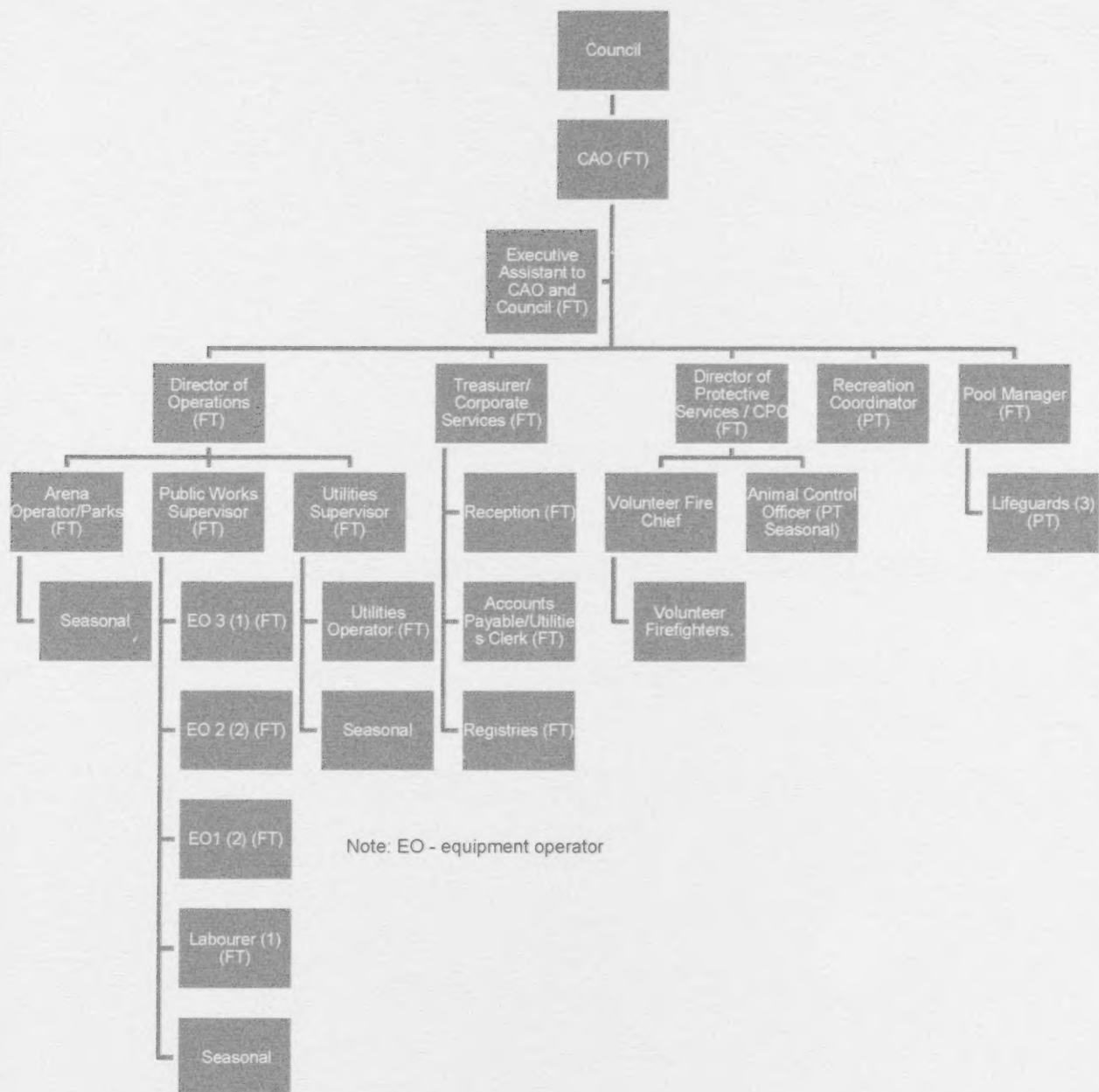
The Town of Swan Hills has operational and administrative bylaws in place to:

- define the responsibility, authority, and duties of the manager of the town;
- appoint and specify the duties of a bylaw enforcement officer;
- appoint a municipal assessor;
- designate a development officer; and
- establish fire protection services including the appointment of a volunteer fire chief.

The town employs 22 permanent staff and 3 seasonal staff. The organizational chart, as shown in Chart 1, illustrates the breadth of services and the organizational structure of the town.

Presently the town is able to recruit and retain staff. However, the town competes with the private sector that often offers higher salaries and benefits.

Chart 1: Town of Swan Hills Organizational Chart



Contracted Services

The town contracts information technology services for the municipal software system and assessment and planning services.

10-year Capital Spending Plan – Town Operational Facilities

The town's 10-year Capital Spending Plan includes projects and upgrades to town operational facilities including the town office, the town owned house, and the public works shop, totalling \$320,000.

4. Financial Stability

Municipal Budget

The annual budget is a financial plan that details the sources of funding and the levels of spending required to provide the municipal programs and services to the community and to maintain infrastructure desired by residents, businesses, and ratepayers.

The municipal fiscal year is the calendar year. All municipalities in Alberta must adopt operating and capital budgets that detail the planned annual expenditures and expected revenues that are at least sufficient to pay the expenditures. This would be considered to be a balanced budget as required by the *Municipal Government Act*.

The Town of Swan Hills' budget cycle begins in September when department heads draft department budgets and community groups submit budget requests to council for consideration in the town's budget for the following year. In November, the council calls special council meetings for budget deliberations and an interim draft budget is presented to council for adoption at a subsequent meeting in December. A final budget is adopted at the beginning of the calendar year.

Financial Position

At the end of each fiscal year, Alberta municipalities must prepare annual financial statements and those statements must be audited by an independent auditor appointed by council. The financial statements are public information and are generally published in May of the following year.

The independent auditor expresses an opinion on the financial statements.

An unqualified audit opinion indicates that the financial statements fairly present the financial position of the municipality at December 31. A "qualified, denied, or adverse opinion" indicates concerns with matters contained in the financial statements.

| Key Measure | |
|---|--|
| Has your municipality received a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to your most recent annual financial statements? | No. The Town of Swan Hills did not receive a "qualified audit opinion", "denial of opinion" or an "adverse opinion" with respect to its 2012 financial statements. |
| Key Measure 3 Reference: Town of Swan Hills, 2012 Financial Information Return | |

As stated in the budget section of this report, municipalities must have a balanced budget. During the year the town may need to adjust its planned expenditures or it may realize more or less revenue than anticipated. As a result, certain years will end in a surplus while others result in a shortfall.

Key Measure

Has your municipality incurred an annual deficit for the past two consecutive years, or five out of the past ten years?



No. The Town of Swan Hills has not incurred an annual deficit for the past two consecutive years or five of the past ten years.

Key Measure 1

Reference: Town of Swan Hills, 2003-2012 Financial Statements

Table 9 shows the operating surplus or deficit for the Town of Swan Hills between 2003 and 2012.

Table 9: Swan Hills Operating Surplus or Deficit 2003 to 2012

| Fiscal Year | Operating Surplus/(Deficit) | Fiscal Year | Operating Surplus/(Deficit) |
|-------------|-----------------------------|-------------|-----------------------------|
| *2012 | \$586,932 | 2007 | (\$468,823) |
| *2011 | \$730,434 | 2006 | \$203,916 |
| *2010 | \$589,143 | 2005 | \$206,673 |
| *2009 | \$440,655 | 2004 | \$12,262 |
| 2008 | \$119,296 | 2003 | (\$420,197) |

*Amounts shown for fiscal years 2009 to 2012 have been adjusted to provide comparability due to changes in financial statement presentation standards for governments

Revenues and Expenses

The Statement of Operations is part of the annual audited financial statement. Tables 10 and 11 show the operating revenue and expense amounts reported in the town's 2009 to 2012 annual audited financial statements.

Table 10: Operating Revenues for Town of Swan Hills 2009 - 2012

| Revenue Source | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Actual |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Net Municipal tax | \$1,950,715 | \$2,007,352 | \$1,979,448 | \$1,862,029 |
| User fees and sales of goods | \$787,161 | \$961,339 | \$1,435,209 | \$1,449,217 |
| Government transfers for operating* | \$741,817 | \$801,069 | \$783,394 | \$1,147,126 |
| Investment income | \$7,781 | \$2,299 | \$15,970 | \$29,814 |
| Penalties and costs on taxes | \$93,234 | \$93,234 | \$132,798 | \$24,614 |
| Franchise and concession contracts | \$36,107 | \$41,236 | \$47,665 | \$51,513 |
| Other Revenue | \$16,971 | \$8,958 | \$314 | \$7,541 |
| Total Revenue | \$3,619,868 | \$3,915,487 | \$4,394,798 | \$4,571,854 |

Notes: Excludes grants for any capital purpose.

* Government transfers include the payments from the MD as listed in Table 7.

Table 11: Operating Expenses for Town of Swan Hills, 2009 - 2012

| Expense Type | 2009 Actual | 2010 Actual | 2011 Actual | 2012 Actual |
|--|--------------------|--------------------|--------------------|--------------------|
| Council | \$100,959 | \$137,158 | \$111,492 | \$144,659 |
| General administration | \$593,871 | \$657,202 | \$736,922 | \$800,988 |
| Protective services | \$101,308 | \$51,967 | \$73,778 | \$75,421 |
| Disaster and emergency measures | \$141 | \$542 | \$0 | \$68,263 |
| Ambulance | \$95,344 | \$111,484 | \$77,687 | \$74,515 |
| Bylaw enforcement | \$4,331 | \$3,107 | \$34,200 | *\$118,426 |
| Common Services | \$574,671 | \$573,992 | \$748,547 | \$644,597 |
| Roads, street, walks, lighting | \$313,867 | \$253,087 | \$191,119 | \$194,484 |
| Airport | \$0 | \$43,136 | \$35,837 | \$68,383 |
| Storm sewers and drainage | \$18,784 | \$10,589 | \$2,471 | \$29,022 |
| Water supply and distribution | \$492,680 | \$567,706 | \$661,069 | \$517,744 |
| Wastewater treatment and disposal | \$30,963 | \$35,889 | \$135,073 | \$103,651 |
| Waste Management | \$103,240 | \$125,091 | \$108,267 | \$194,722 |
| FCSS | \$13,436 | \$13,502 | \$13,502 | **\$72,692 |
| Cemeteries | \$15 | \$15 | \$0 | \$920 |
| Land use planning, zoning, development | \$54,542 | \$28,081 | \$3,777 | \$5,258 |
| Economic development | \$93,197 | \$88,045 | \$78,374 | \$92,064 |
| Parks and recreation | \$394,414 | \$467,031 | \$459,782 | \$597,706 |
| Culture libraries museums halls | \$193,270 | \$158,720 | \$192,467 | \$181,307 |
| Total Expenses | \$3,179,213 | \$3,326,344 | \$3,664,364 | \$3,984,822 |
| Notes: Excludes capital purchases and related amortization expense; | | | | |
| * 2012 was the first year for the program; and | | | | |
| ** The increase in 2012 FCSS expenses reflects a change in program coding. | | | | |

Financial Assets and Liabilities

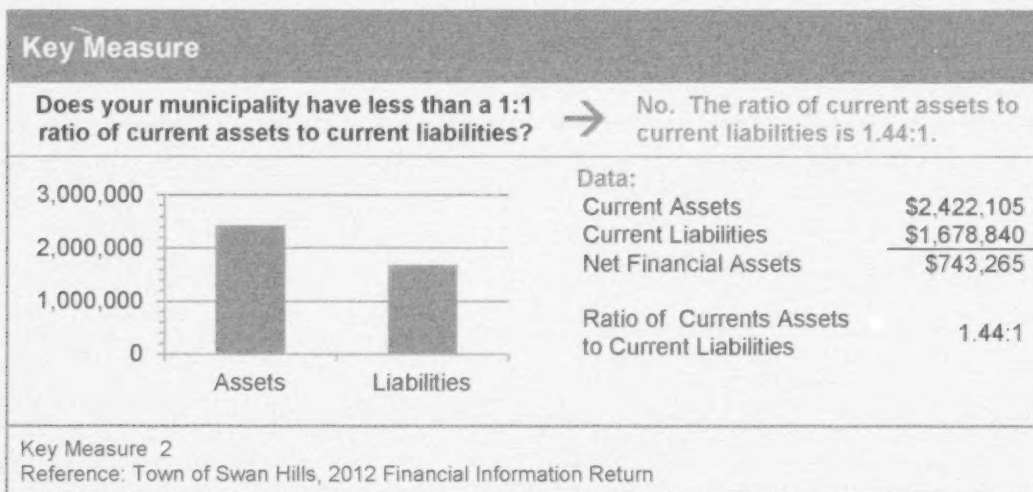
The overall financial position of a municipality can be considered by reviewing two key amounts reported on the annual financial statements: Net Financial Assets (Debt) and Accumulated Surplus. Net Financial Assets (Debt) is equal to total financial assets less total liabilities.

Table 12 shows the net financial assets for the Town of Swan Hills from 2009 to 2012.

Table 12: Net Financial Assets for Town of Swan Hills, 2009 to 2012

| | 2009 | 2010 | 2011 | 2012 |
|--|--------------------|--------------------|------------------|------------------|
| Net Financial Assets (Net Debt) end of year | (\$425,863) | (\$108,137) | \$421,114 | \$743,265 |

A positive result indicates that the municipality had some financial assets available that year to meet future liabilities.



Accumulated Surplus

The accumulated surplus has three components:

1. unrestricted surplus, the unallocated amount of excess revenue available for a future purpose;
2. restricted surplus, the amount that results from excess revenues that have been internally designated for a specified future purpose or are externally restricted; and
3. equity in tangible capital assets (TCAs), the total cost of a tangible capital asset minus the accumulated amortization and any write-down of the asset (net book value).

At the end of 2012, the town had assigned funds for specific projects as shown in Table 13.

Table 13: Accumulated Surplus (Reserves) for the Town of Swan Hills, 2012

| Accumulated Surplus | 2012 Balance |
|----------------------------------|------------------|
| Unrestricted Surplus | \$25,870 |
| Restricted Surplus | |
| Future Subdivision | \$117,933 |
| Offsite Levy | \$46,395 |
| Public Works Equipment | \$174,949 |
| Infrastructure | \$144,181 |
| Facilities | \$71,000 |
| Campground Upgrade | \$25,000 |
| Protective Services Equipment | \$21,645 |
| Land Fill Reclamation | \$67,467 |
| Community Centre Completion | \$9,809 |
| Contingency Operating | \$180,084 |
| General Capital | \$70,999 |
| Total Restricted Surplus | \$929,462 |
| Total Accumulated Surplus | \$955,332 |

The Town of Swan Hills allocates restricted surplus amounts in accordance with the Town of Swan Hills Reserves Policy 12-007.

The policy establishes capital reserves for infrastructure, public works equipment, protective services equipment, facilities, and an operating reserve. Through the budgeting and year-end processes, council approves contributions and transfers to capital reserves. Transfers and reallocation of monies in each reserve may, at council's discretion and through motion of council, take place at any time.

Town owned physical assets (tangible capital assets) include buildings, vehicles, underground infrastructure, and public works equipment. These assets are amortized over their expected useful life. Approximately 45 per cent of the useful life of the town's capital assets remains (Table 14).

Table 14: Equity in Tangible Capital Assets, 2012

| Year | 2012 |
|-----------------------------------|---------------------|
| Cost to acquire assets | \$37,884,374 |
| Accumulated amortization | \$20,644,283 |
| Net book value | \$17,240,081 |
| Per cent of useful life remaining | 45 % |

Alberta Regulation No. 206/2012 requires that every municipality maintain a surplus, net of equity in tangible capital assets. This indicates that in general terms the municipality is managing within its financial means. Swan Hills has a positive result in each of the past four years as shown in Table 15.

Table 15: Accumulated Surplus for Town of Swan Hills, 2009 to 2012

| | 2009 | 2010 | 2011 | 2012 |
|--|------------------|------------------|------------------|------------------|
| Unrestricted | \$27,906 | \$28,814 | \$96,887 | \$25,870 |
| Restricted | \$478,370 | \$478,370 | \$539,770 | \$929,462 |
| Accumulated Surplus net of equity in TCAs | \$505,276 | \$507,184 | \$636,657 | \$955,332 |

Borrowing and Debt

Municipalities are permitted to borrow funds and incur debt for municipal projects. Municipal borrowing activities, including the total amount of borrowing allowed, and the amount of annual debt servicing costs as a percentage of municipal revenues, are legislated in the *Municipal Government Act*, and the Debt Limit Regulation.

The debt limit is the maximum amount of money that can be borrowed by the municipality for municipal projects as defined in the Debt Limit Regulation. The debt service limit is the maximum amount of money that can be spent in a financial year by a municipality to repay the principal and interest of debt the municipality holds. When a municipality borrows, the annual payments can be funded through general revenues. General revenues include property taxes, local improvement taxes, and user fees.

As of December 31, 2012, the Town of Swan Hills had no long-term debt. Based on its 2012 revenues, Swan Hills is eligible to borrow up to \$6,857,631 with debt servicing not to exceed \$1,142,939 per year. The town has strategically chosen not to borrow for municipal projects.

| Key Measure | | | |
|--|-------------|---------------------------|--|
| Has your municipality reached 80% or more of its debt and debt service limit? | | → | No. The town has not reached 80% or more of its debt or debt service limit. |
| Data: | | | |
| Current Debt | \$0 | Current Debt | \$0 |
| Debt Limit | \$6,857,631 | Debt Service Limit | \$1,142,939 |
| 80% of Debt Limit | \$5,446,105 | 80% of Debt Service Limit | \$914,351 |
| Key Measure 4 | | | |
| Reference: Town of Swan Hills, 2012 Financial Statements | | | |

In 2008, the town chose to fund upgrades to the water treatment plant with short-term borrowing over a five-year term.

The annual debt payment was funded through general revenues and increased property taxes significantly.

Municipal Revenue Sources

The Town of Swan Hills, like other municipalities in Alberta, has several different sources to generate revenue to fund municipal services. The primary source is property taxes that are calculated based on the assessed value of property. Other revenue sources include user fees on municipal services, grants from the federal or provincial government, development fees from the sale of development permits, and franchise fees, which are collected by utility providers based on a percentage of the utility bill and forwarded to the municipality.

Property Assessment and Taxation

Property assessment is the process of assigning a dollar value to property for taxation purposes. In Alberta, property is taxed "according to value". This means that the amount of tax paid is based on the value of the property. Each municipality is responsible for ensuring that each property owner pays his or her share of taxes. Property assessment is the method used to distribute the tax burden among property owners in a municipality.

Often the terms "assessment" and "taxation" are considered interchangeable. However, assessment and taxation are very different. Although one affects the other, each is a distinct and independent process.

- "Assessment" is the process of estimating a dollar value on a property for taxation purposes.
- "Taxation" is the process of applying a tax rate to the assessed value of a property to determine the taxes payable by the owner of that property.

Equalized Assessment

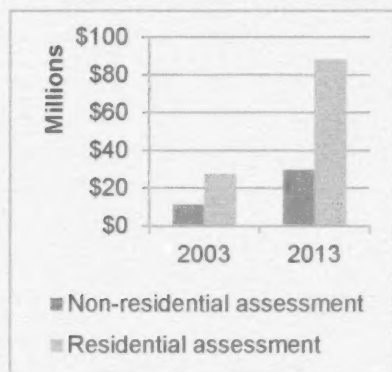
Equalized assessment is a means of comparing property wealth among municipalities. The assessed values of all properties in Alberta are brought to a common level, which is used for cost-sharing programs such as education funding. The value is calculated by Alberta Municipal Affairs and it may differ from the assessment found in the municipal tax bylaw.

Key Measure

Has your municipality's non-residential assessment base declined substantially as a proportion of the municipality's overall assessment base, over the past 10 years?



Yes. The proportion of non-residential assessment to overall assessment has declined from 42% in 2003 to 33% in 2013.



Data:

| | | |
|---|---|--------------|
| 2 | Non-residential assessment | \$19,970,017 |
| 0 | Overall assessment | \$47,490,244 |
| 0 | Proportion of non-residential to overall assessment | 42% |

| | | |
|---|---|---------------|
| 2 | Non-residential assessment | \$43,939,891 |
| 0 | Overall assessment | \$132,091,174 |
| 1 | Proportion of non-residential to overall assessment | 33% |

Note:

Non-residential assessment includes linear property assessment.

Key Measure 6

Reference: Alberta Municipal Affairs Equalized Assessment Reports, 2003 and 2013.

The 2013 equalized assessment base in Swan Hills is comprised of 33 per cent non-residential assessment and 67 per cent residential assessment.

The ratio for all towns in Alberta is 20 per cent non-residential and 80 per cent residential assessment. This means that the ratio of non-residential to residential assessment in Swan Hills is greater than the average ratio for all towns in Alberta.

In Tables 16 and 17, the equalized assessment for the Town of Swan Hills and for all towns in Alberta over the past ten years is shown.

Table 16: Equalized Assessment for Town of Swan Hills, 2003-2013

| Year | Residential | Non-Residential | Total Assessment | Non-Residential Assessment as a Per Cent of Total Assessment |
|------------------------------|--------------|-----------------|------------------|--|
| 2003 | \$27,520,227 | \$19,970,017 | \$47,490,244 | 42% |
| 2013 | \$88,151,283 | \$43,939,891 | \$132,091,174 | 33% |
| Per cent increase (decrease) | | | 178% | -21% |

Table 17: Equalized Assessment for All Towns in Alberta, 2003-2013

| Year | Residential | Non-Residential | Total Assessment | Non-Residential Assessment as a Per Cent of Total Assessment |
|------------------------------|------------------|------------------|------------------|--|
| 2003 | \$16,483,344,037 | \$5,951,625,738 | \$22,434,969,775 | 27% |
| 2013 | \$49,922,808,648 | \$12,327,779,001 | \$62,250,587,649 | 20% |
| Per cent increase (decrease) | | | 177% | -26% |

In the ten-year period from 2003 to 2013,

- the total equalized assessment of all taxable properties in Swan Hills increased 178 per cent;
- the total equalized assessment for all towns in Alberta increased by 177 per cent;
- the town's non-residential assessment tax base decreased from 42 per cent to 33 per cent of the total equalized assessment – a decrease of 21 per cent; and
- the non-residential assessment tax base for all towns in Alberta decreased from 27 per cent to 20 per cent – a decrease of 26 per cent.

Property Taxes

Municipal property taxes are calculated by multiplying the assessed value of a property by the tax rates. Municipalities levy property taxes for municipal purposes and to fund requisitions from other governing bodies. The Town of Swan Hills is requisitioned for funding for education purposes by the Alberta School Foundation Fund (ASFF) and for social housing by the Barrhead and District Social Housing Association. The tax rates set by the town's property tax bylaw, to raise the revenue to pay the requisitions, are shown separately on property tax notices from the rates set to raise monies for municipal purposes.

The town's 2013 property tax rates and the amount of property tax that property owners could have expected to pay in 2013 based on assessments of sample properties in the Town of Swan Hills are shown in Table 18.

Table 18: Municipal Property Taxes Based on Sample Properties in Swan Hills, 2013

| Property Assessment Values | | | | |
|----------------------------|-------------|-----------|-----------|------------|
| Assessment Class | Residential | | | Commercial |
| Assessed Value | \$61,200 | \$187,200 | \$260,200 | \$235,300 |
| | | | | |
| Property Tax Rates | | | | |
| Municipal Purposes | 10.50000 | 10.50000 | 10.50000 | 19.00000 |
| ASFF | 2.63550 | 2.63550 | 2.63550 | 3.615660 |
| Social Housing | 0.107064 | 0.107064 | 0.107064 | 0.107064 |
| Total | 13.220614 | 13.220614 | 13.220614 | 22.722724 |
| | | | | |
| Property Taxes | | | | |
| Total Taxes | \$809 | \$2,474 | \$3,440 | \$5,347 |

10-year Capital Spending Plan – Funding Options

The 10-year Capital Spending Plan does not outline how each project will be funded. Funding could come from one or a combination of the following sources of funding: grants, utility rates, borrowing (debt), and property taxes.

Based on the 2013 assessed value of property in the Town of Swan Hills (\$136,666,080), the following tables show the additional tax rate that would need to be imposed in order to fund the proposed projects through property taxes if no other funding source was used.

Table 27 a: Additional Tax Rate Required to Fund Proposed Capital Spending Plan, 2013 to 2017

| Year | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Projected Cost | \$3,161,000 | \$2,080,000 | \$2,267,500 | \$2,176,500 | \$1,736,500 |
| Additional Tax Rate | 23.1294 | 15.2196 | 16.5915 | 15.9257 | 12.7062 |

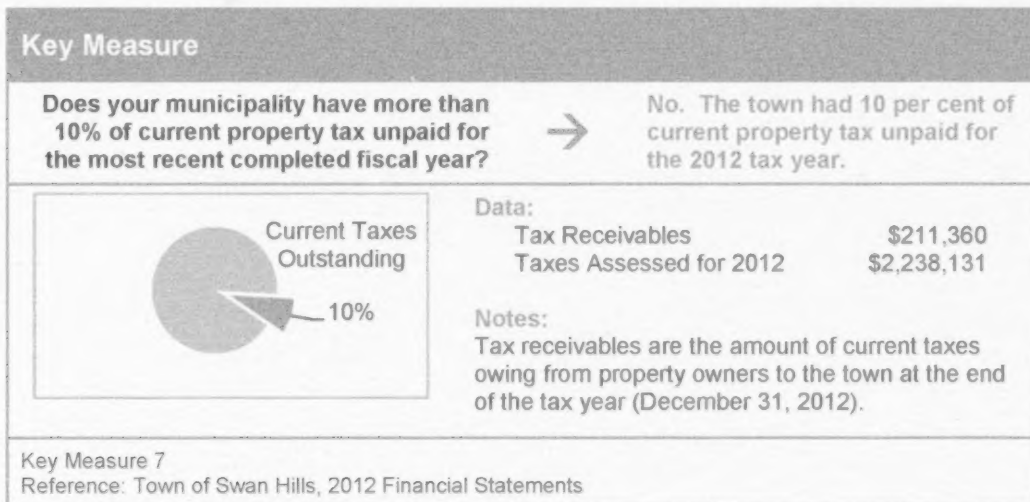
Table 27-b: Additional Tax Rate Required to Fund Proposed Capital Spending Plan, 2018 to 2022

| Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Projected Cost | \$1,864,500 | \$1,346,000 | \$1,565,450 | \$1,650,450 | \$1,359,150 |
| Additional Tax Rate | 13.6427 | 9.8488 | 11.4546 | 12.0765 | 9.9450 |

As of 2011, the town levies a minimum tax of \$750 for residential property and \$1,500 for non-residential (commercial and industrial) property. The town offers a payment plan for property owners to pay property taxes in twelve equalized payments without penalty.

The town charges penalties on late payments. The tax penalties are 15 per cent on the current taxes unpaid after the first Monday of July, and an additional 15 per cent on the total outstanding balance on January 1 of the year after the tax levy.

The town currently follows the tax recovery process outlined in Part 10 of the *Municipal Government Act*. In the past three years, there have been no actual property tax sales. Tax arrears were either paid in full or paid through a tax repayment agreement prior to the sale date.



Property taxes are a primary source of revenue for municipalities. Property taxes are used to finance local programs and services such as road construction and maintenance, parks and leisure facilities, and fire protection. A decrease in property tax revenue combined with the increase in the cost of providing services (e.g. salaries, power, and fuel) means that services and service levels provided by the town may have decreased.

The revenue the town proposed to raise from property taxes in the five-year period from 2009 to 2013, as shown in Table 19, fluctuated and decreased overall by six per cent.

Table 19: Property Tax Rates and Property Taxes Levied in the Town of Swan Hills, 2009-2013

| Year | Population | Residential Tax Rate | Non-Residential Tax Rate | Revenue from Municipal Property Tax |
|---|------------|----------------------|--------------------------|-------------------------------------|
| 2009 | 1,858 | 13.5 | 22.5 | \$1,958,100 |
| 2010 | 1,858 | 13.8 | 22.8 | \$2,021,967 |
| 2011 | 1,858 | 12.4 | 20.5 | \$1,869,260 |
| 2012 | 1,465 | 10.8 | 19.5 | \$1,780,875 |
| 2013 | 1,465 | 10.5 | 19.0 | \$1,836,920 |
| Reference: Town of Swan Hills Tax Rate Bylaws | | | | |

In Tables 20 and 21, the 2013 property taxes for residential and non-residential properties for the Town of Swan Hills are compared with the municipalities in the region and with the sample group of similar-sized municipalities in Alberta.

These tables do not take into consideration the differences in non-residential assessment, tax rates for different assessment classes (such as vacant land), minimum taxes, and local improvement taxes or special taxes, the different programs and services provided by the municipalities, and if property taxes subsidize utility rates.

Table 20: Municipal Property Tax Rates and Property Taxes Levied in the Town of Swan Hills and in Towns in the Region, 2013

| Municipality | Population | Residential Municipal Tax Rate | Non-Residential Municipal Tax Rate | Total General Municipal Taxes Levied |
|---|--------------|--------------------------------|------------------------------------|--------------------------------------|
| Town of Swan Hills | 1,465 | 10.5000 | 19.0000 | \$1,836,920 |
| Town of Fox Creek | 2,112 | 8.4530 | 14.3900 | \$3,042,715 |
| Town of Barrhead | 4,432 | 7.0648 | 12.9278 | \$5,163,238 |
| Town of Whitecourt | 10,574 | 5.2312 | 8.2227 | \$10,332,040 |
| MD of Big Lakes | 3,861 | 3.5000 | 13.7500 | \$20,024,271 |
| Woodlands County | 4,306 | 2.5585 | 8.6654 | \$16,600,708 |
| Reference: 2013 Municipal tax rate bylaws as submitted to Municipal Affairs | | | | |

Table 21: Municipal Property Tax Rates and Property Taxes Levied in the Town of Swan Hills and in Similar-Sized Towns, 2013

| Municipality | Population | Residential Municipal Tax Rate | Non-Residential Municipal Tax Rate | Total General Municipal Taxes Levied |
|---|--------------|--------------------------------|------------------------------------|--------------------------------------|
| Town of Bruderheim | 1,298 | 8.5161 | 8.5161 | \$1,086,132 |
| Town of Mayerthorpe | 1,398 | 10.0113 | 20.3400 | \$1,191,995 |
| Town of Wembley | 1,410 | 6.4957 | 6.4957 | \$783,964 |
| Town of Two Hills | 1,431 | 8.9737 | 30.3434 | \$921,006 |
| Town of Swan Hills | 1,465 | 10.5000 | 19.0000 | \$1,836,920 |
| Town of Bon Accord | 1,488 | 9.00842 | 18.75219 | \$1,321,506 |
| Town of Elk Point | 1,571 | 7.2610 | 18.6410 | \$1,198,800 |
| Town of Picture Butte | 1,650 | 6.8461 | 8.6767 | \$1,041,879 |
| Town of Lamont | 1,753 | 8.7237 | 12.4229 | \$1,526,925 |
| Reference: 2013 Municipal tax rate bylaws as submitted to Municipal Affairs | | | | |

Grants

Grants are another form of revenue for municipalities. The town is eligible to receive provincial and federal government grant funds based on the grant programs' policies. Table 22 provides a listing of the provincial grant funding received by the Town of Swan Hills in the provincial fiscal year from April 2012 to March 2013.

Table 22: Province of Alberta Grant Allocations to Swan Hills, 2012/2013

| Government of Alberta Grant Program | Funding |
|---|--------------------|
| Basic Municipal Transportation Grant | \$111,480 |
| Disaster Recovery Program | \$57,343 |
| Family and Community Support Services Program | \$54,007 |
| Federal Gas Tax Fund | \$103,546 |
| Fire Services and Emergency Preparedness Program* | \$0 |
| FireSmart Community Grant Program | \$30,000 |
| Grants in Place of Taxes | \$9,463 |
| Municipal Sustainability Initiative – Capital Funding | \$369,003 |
| Municipal Sustainability Initiative – Conditional Operating Funding | \$302,150 |
| Total | \$1,036,992 |
| Reference: Municipal Affairs Municipal Grants Web Portal | |
| * The Town of Swan Hills was a participant in the MD of Big Lakes Partnership, managed by the MD of Big Lakes, which received \$9,000 from the Fire Services and Emergency Preparedness Program; and the MD of Smoky River Partnership managed by the MD of Smoky River, which received \$57,468 from the Fire Services and Emergency Preparedness Program. | |

Since 2007 when Municipal Affairs introduced the Municipal Sustainability Initiative (MSI) funding program for Alberta municipalities, the Town of Swan Hills has been allocated \$3,240,494 in grant funding through the capital and operating components of the MSI.

Municipalities with populations under 10,000 and limited local assessment bases, such as the Town of Swan Hills, also receive Sustainable Investment (SI) funding as part of their MSI operating allocations. SI funding is subject to annual fluctuations resulting from changes in equalized assessment per capita in relation to the provincial average.

A breakdown of the Municipal Sustainability Initiative (MSI) grant funding allocated to the Town of Swan Hills over the life of the grant program by Alberta Municipal Affairs is shown in Table 23.

Table 23: Municipal Affairs Grant Allocations to Swan Hills, 2007 to 2013

| Year | Capital | Operating | Total MSI Allocation |
|--|--------------------|--------------------|----------------------|
| 2007/08 | \$175,740 | \$7,456 | \$183,197 |
| 2008/09 | \$155,561 | \$167,695 | \$323,256 |
| 2009/10 | \$128,597 | \$202,315 | \$330,912 |
| 2010/11 | \$361,206 | \$256,398 | \$617,604 |
| 2011/12 | \$364,480 | \$327,590 | \$692,070 |
| 2012/13 | \$369,003 | \$302,150 | \$671,153 |
| 2013/14 | \$325,009 | \$97,293 | \$422,302 |
| Total | \$1,879,596 | \$1,360,897 | \$3,240,494 |
| Note: MSI grants are allocated based on the financial year of the Government of Alberta (April 1 to March 31), however the program is delivered on a calendar year basis (January 1 to December 31). | | | |

MSI grant allocations are based in part on the population and in part on the education property tax requisitions of a municipality and kilometres of local road in the municipality. The 21 per cent decline in the town's population (1,858 in 2008 to 1,465 in 2011) was the main reason for reduced MSI capital and operating allocations in 2013. In addition, the town's equalized assessment per capita ratio relative to the provincial average increased, resulting in a reduction in the SI portion of the MSI operating funding. Tables 24 a, 24 b, and 24 c show how the town proposed to spend its MSI operating grant allocations.

Table 24 a: Town of Swan Hills 2007 - 2011 MSI Operating Projects Accepted by the Minister

| Year | Project Description | Accepted Amount |
|------|--|------------------|
| 2008 | Support the wages of its water treatment plant operators. | \$99,432 |
| 2008 | Support the wages and building maintenance expenses of its swimming pool. | \$75,719 |
| 2009 | Paint its community centre. | \$20,300 |
| 2009 | Support the maintenance expenses of its multi-use building, which serves as the municipal library and the administrative office. | \$182,015 |
| 2010 | Provide training for employees at the water plant. | \$35,197 |
| 2010 | Replace the ceiling tiles and maintain the bathrooms at its multi-use building. | \$40,000 |
| 2010 | Maintain the Swan Hills Arena. | \$25,640 |
| 2010 | Support the operating expenses of the Swan Hills Playschool. | \$5,000 |
| 2010 | Support the operating expenses of the Swan Hills Family and Community Support Services. | \$13,502 |
| 2010 | Support the operating expenses of the Swan Hills Library. | \$40,059 |
| 2010 | Repair the hot tub of the Swan Hills Pool. | \$45,000 |
| 2010 | Replace broken water meters. | \$30,000 |
| 2011 | Hire a contractor to operate and maintain water treatment facilities and purchase water treatment supplies. | \$162,000 |
| 2011 | Purchase and install replacement water meters. | \$75,000 |
| 2011 | Support the maintenance and operating expenses of the sanitary sewers and lagoon. | \$37,590 |
| 2011 | Hire a contractor to replace tiles in the swimming pool. | \$53,000 |
| | Total* | \$939,454 |

Note: * Total may be greater than the annual MSI operating allocation as municipalities may use their current year's allocation plus any unexpended carry forward funds from the previous program year.

In 2012, the MSI Operating Program Spending Plan replaced the MSI Conditional Operating Project Application. Municipalities are now required to submit a single spending plan per year with funding applied to functional categories (of common municipal expenditures) rather than to individual projects.

Table 24 b: Town of Swan Hills 2012 MSI Operating Spending Plan Accepted by the Minister

| Year | Functional Category | Accepted Amount |
|------|----------------------------|------------------|
| 2012 | Planning and Development | \$21,000 |
| | Public Security and Safety | \$55,000 |
| | Roads and Bridges | \$100,000 |
| | Water | \$293,630 |
| | 2012 Total* | \$469,630 |

Note: * Total may be greater than the annual MSI operating allocation as municipalities may use their current year's allocation plus any unexpended funds carried forward from the previous program year.

Table 24 c: Town of Swan Hills 2013 MSI Operating Spending Plan Accepted by the Minister

| Year | Functional Category | Accepted Amount |
|---|-----------------------------|-----------------|
| 2013 | Libraries | \$30,000 |
| | Parks, Sport and Recreation | \$25,000 |
| | Public Security and Safety | \$10,000 |
| | Roads and Bridges | \$32,293 |
| 2013 Total* | | \$97,293 |
| Note: * Total may be greater than the annual MSI operating allocation as municipalities may use their current year's allocation plus any unexpended funds carried forward from the previous program year. | | |

In 2013, the Government of Alberta announced that the focus over the next years will shift away from operational support towards municipal collaboration. MSI operating funding will be realigned to the Alberta Community Partnership program, formerly the Regional Collaboration Program, to encourage municipalities to work together on regional objectives. MSI operating funding has decreased from \$50 million in 2013 to \$30 million in 2014, will be \$15 million in 2015, and will be discontinued in 2016. This gradual realignment takes place over three years to allow municipalities time to adjust their plans and budgets. The town will no longer receive an MSI operating grant in 2016 and may need to find an alternate source of revenue to continue with the same activities.

Table 25 shows how the town proposed to spend its MSI capital grant allocations. All of the projects have been reported as completed with the exception of the '2011 solid waste transfer and recycle station' project and the 2013 projects. These projects are in progress.

Table 25: Town of Swan Hills MSI Capital Projects Accepted by the Minister

| Year | Accepted Projects | Accepted MSI Amount |
|--|--|---------------------|
| 2007 | No projects submitted | n/a |
| 2008 | Replace a garbage truck | \$175,740 |
| 2008 | Upgrade the water treatment plant | \$155,161 |
| 2009 | Purchase a tractor loader for the landfill | \$128,597 |
| 2010 | Construct a parking lot at the playground | \$76,206 |
| 2010 | Erect a fence around the playground | \$60,000 |
| 2010 | Upgrade the fire rescue truck | \$95,000 |
| 2011 | Design and construct a solid waste transfer and recycle station | \$149,480 |
| 2011 | Purchase a multi-purpose vehicle | \$215,000 |
| 2011 | Purchase a skid steer loader with attachments | \$75,000 |
| 2011 | Purchase a shoring cage and safety equipment for waterline trenching | \$55,000 |
| 2012 | Purchase a hook lift truck with attachments | \$260,000 |
| 2012 | Purchase a picker truck with plow attachment | \$90,000 |
| 2012 | Replace flooring and chairs in the Keyano Centre | \$19,000 |
| 2013 | Replace a backhoe. | \$85,785 |
| 2013 | Replace a front-end loader with snow blower attachment. | \$172,024 |
| 2013 | Rehabilitate the swimming pool. | \$67,200 |
| Total | | \$1,879,193 |
| Note: Information is current as of January 27, 2014. A 2010 project to purchase a padded compactor for \$130,000 was withdrawn. | | |

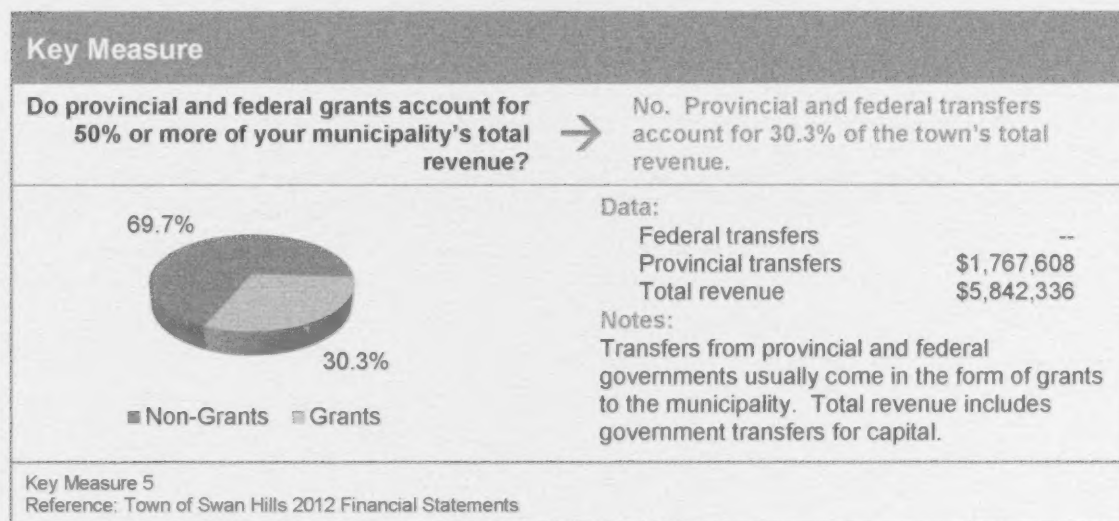
In addition to the MSI program funding, the Town of Swan Hills received grant funding from provincial infrastructure grant programs as shown in Table 26.

Table 26: Other Grant Funding Allocations to the Town of Swan Hills, 2008 to 2013

| Year | Basic Municipal Transportation Grant or Streets Improvement Program Grant | New Deal for Cities and Communities or Federal Gas Tax Fund | Municipal Infrastructure Program | Alberta Municipal Water/Wastewater Partnership | Total Grant Funding from Alberta Transportation |
|---------------|---|---|----------------------------------|--|---|
| 2008/09 | \$98,700 | \$84,642 | \$429,951 | \$2,300,000 | \$2,913,293 |
| 2009/10 | \$111,480 | \$81,943 | | | \$193,423 |
| 2010/11 | \$111,480 | \$103,546 | | \$522,430 | \$737,456 |
| 2011/12 | \$111,480 | \$103,546 | | | \$215,026 |
| 2012/13 | \$111,480 | \$103,546 | | | \$215,026 |
| 2013/14 | \$87,900 | \$103,546 | | | \$191,446 |
| Totals | \$632,520 | \$580,769 | \$429,951 | \$2,822,430 | \$4,465,670 |

Note: Alberta Transportation's grants are allocated based on the financial year of the Government of Alberta (April 1 to March 31), however the program is delivered on a calendar year basis (January 1 to December 31).

According to the Town of Swan Hills audited financial statements, as of December 31, 2012, the town had \$1,178,280 in deferred grant revenue from provincial capital grants (\$527,527) and federal infrastructure grants (\$650,753) for future projects in Swan Hills.



User Fees

User fees are the costs a consumer pays for a program or service. For some services such as utility services, municipalities are encouraged to fund the service fully through user fees. This is referred to as full cost recovery. For other programs and services, such as a municipal swimming pool, the user fees the municipality would be required to charge to break even would be so high that residents would not use the service, so municipalities choose to subsidize the fees with other revenues including property taxes.

The town reviews utility rates annually as part of the budget process. The town has not formally adopted a full cost recovery policy regarding utility rates. However, the town's 2013 budget reflects a move towards full cost recovery.

The Town of Swan Hills' user fees for utility services are detailed in the Services Delivery section of this report.

5. Infrastructure

Municipal Facilities

In addition to the raw water source, water treatment plant, and wastewater treatment system, the town operates and maintains:

- 29 kilometres of water mains,
- 18 kilometres of wastewater mains,
- 3 kilometres of storm drainage mains, and
- 27 kilometres of roads.

Engineering Report

In June 2012, the Town of Swan Hills commissioned Associated Engineering to provide a baseline of the current capacity and state of Swan Hills' infrastructure and establish required system upgrades along with their budgetary costs in an engineering report.

The Engineering Report provides estimated costs based on 2012 construction dollars and priorities (immediate, 2 – 10 years, and 10 – 20 years) for the water distribution system, wastewater collection system, storm drainage system, and the road and sidewalk systems. The report also recommends that a Master Plan be completed for the water and wastewater systems, at an estimated cost of \$97,000, prior to undertaking the recommended upgrades in order to determine whether the upgrades will address the town's future growth and long-term planning. Table 28 provides the estimated costs for the upgrades over a 20-year period.

Table 28: 20-year Estimated Costs for Swan Hills Infrastructure Upgrades

| System | Water | Wastewater | Storm water | Sidewalks | Roadways | Total |
|-------------------|--------------|--------------|-------------|-----------|-------------|--------------|
| Total Cost | \$14,739,000 | \$17,615,400 | \$3,324,000 | \$357,675 | \$1,582,783 | \$37,618,858 |

Water Treatment and Distribution Systems

Freeman Lake is the Town of Swan Hills raw water source. The town's water treatment process is designed to exceed the Alberta Environment and Sustainable Resource Development requirements for safe drinking water.

The Engineering Report recommends upgrades to the following components of the potable water treatment and distribution system:

- water treatment plant,
- water distribution system,
- reservoir and pump house,
- raw water pump house, and
- pressure reducing valve systems.

Wastewater Collection and Treatment Systems

The wastewater collection system includes a number of lift stations. The treatment system is comprised of two settling ponds and a number of aerated lagoons. At the end of the treatment process, the wastewater is pumped to a facultative cell before dropping into the last detention cell. Wastewater

storage and treatment is a one-year process and at the end of the year, it is tested before being released into the Morse River.

The Engineering Report recommends upgrades to the following components of the wastewater collection and treatment system:

- collection system hydraulics,
- mains and manholes,
- lift stations, and
- sludge removal from anaerobic cells.

10-year Capital Spending Plan - Water and Wastewater

The Engineering Report recommends water and wastewater projects totalling \$32,354,400 over the next 20 years. The 10-year Capital Spending Plan includes projects totalling \$14,678,550 for the water and wastewater systems. The following table provides a breakdown of the proposed water and wastewater projects and associated costs in 2012 dollars over a ten-year period. When the town has sufficient funding in place, the projects will be undertaken.

Table 29: Water and Wastewater Systems 10-year Capital Spending Plan

| Year | Water and Wastewater Projects | Estimated Cost |
|------|--|---------------------|
| 1 | New wastewater line from the lagoon to Main Street; and new water line from Main Street to old ball diamond to service proposed new development, | \$2,388,000 |
| 2 | Continuation of wastewater line from south end of Main Street to the Town office on Main Street; replacement of backup pump at the reservoir; and start installation of additional and new hydrants to meet coverage requirements. | \$1,473,000 |
| 3 | Replacement of both the water and wastewater lines on Ravine Drive from Main Street to the high school to service the swimming pool and part of the trunk line from the reservoir to Federated Road. | \$1,644,000 |
| 4 | Dedicated waterline installed from Freeman Drive to the reservoir to solve pressure issues in parts of the town and enable the plant and reservoir to operate more efficiently; new distribution pumps installed at the reservoir to supply; and phase two of fire hydrant installation program; and safety railings on loading dock at the water plant. | \$1,453,000 |
| 5 | Upgrades to resolve bottleneck issues in wastewater at the bottom of Freeman Drive, down Main Street, and across Derrick Crescent to the utility right-of-way and on to Swan Crescent. | \$1,360,000 |
| 6 | Start of trunk waterline from the reservoir to Isbister Avenue and down Pan Am Street to increase volume, equalize pressures, and provide better fire protection, plus various wastewater repairs. | \$1,367,500 |
| 7 | Continuation of trunk waterline from Isbister Avenue down Pan Am Street to North Avenue and continuation of wastewater repairs throughout the town. | \$1,124,000 |
| 8 | Continuation of trunk waterline from North Avenue to Ravine Drive down Pan Am to Main Street and down Main Street to Ravine Drive and connected to the upgraded line in Ravine Drive; decommission pressure reducing station on Oxford avenue and new station installed beside the curling rink. | \$1,348,450 |
| 9 | Continuation of trunk waterline from Ravine Drive across the ravine to Watson Crescent; new pressure reducing station at north end of Drill Street; and continuation of wastewater line repairs. | \$1,328,450 |
| 10 | Completion of trunk water line from Watson Crescent to Federated Road; and continuation of wastewater line repairs. | \$1,192,150 |
| | Total Cost | \$14,678,550 |

Storm Drainage System

According to the Engineering Report, in undeveloped areas, storm water runoff is accommodated by natural streams and watercourses. To accommodate runoff in developed areas, a storm drainage system of swales, ditches, culverts, sewers, and channels was developed. The town's drainage is divided into eight major drainage basins.

Storm drainage projects are not included in the town's 10-year Capital Spending Plan.

The following table provides the estimated cost of upgrades to the storm drainage system as provided in the Engineering Report.

Table 30: Storm Drainage Upgrades as in Engineering Report

| Upgrades | Estimated Cost |
|---|--------------------|
| Overall hydraulic system | \$1,535,000 |
| Collection system upgrades: | |
| • Structurally poor mains | \$1,267,000 |
| • Structurally poor catchbasin leads | \$266,200 |
| • Future spot repairs | \$36,200 |
| • Future relining of mains | \$83,000 |
| • Future replacement of catchbasin leads | \$18,000 |
| • Manhole and catchbasin repairs/replacements | \$119,000 |
| Total estimated cost: | \$3,324,000 |

Transportation – Road Network, Streets, and Sidewalks

The Town of Swan Hills has approximately 27 kilometres of paved and gravel roads within its municipal boundaries. The town is responsible for the construction and maintenance of the roads. This includes road and pothole repairs, dust control, and snow clearance.

The Engineering Report provides two options for the town to complete the proposed rehabilitation of the sidewalks:

1. hire a grinding contractor; or
2. purchase a portable grinder and have town staff operate the grinder. The cost of a grinder is estimated at \$5,000 US.

The report provides a listing of roadways, totalling 8,330 metres in length, requiring milling or rehabilitation. The following table provides the estimated cost of proposed rehabilitation of sidewalks and proposed rehabilitation or milling of roadways.

Table 31: Sidewalk and Roadways Rehabilitation as in Engineering Report

| Project | Cost |
|---|--------------------|
| Sidewalk Rehabilitation | |
| • Major and minor displacement | \$44,175 |
| • Broken, missing parts, and cracking | \$313,500 |
| Roadways milling or rehabilitation (8,330 metres) | \$1,582,783 |
| Total estimated cost | \$1,940,457 |

Transportation projects are not included in the town's 10-year Capital Spending Plan. According to the ten-year Capital Spending Plan, the town will dedicate the municipal transportation grant, currently \$111,480 annually, to street and sidewalk projects. The grant money will have to be accumulated over a number of years to make projects worthwhile.

6. Service Delivery

Utility Services

The town is working towards full cost recovery for town utilities. Full cost recovery is where the revenue generated through utility rates to provide the service is equal or greater than the cost to provide that service and is a best practice for municipal utility services.

When the utility rates charged are not high enough to attain full cost recovery, the Town of Swan Hills subsidizes the cost of providing the services with monies raised through property taxes. If the utility rates charged generate a surplus, the surplus is put back into general revenues.

According to town Bylaw No. 2010-04, it is the intention of the town council to move towards the cost of providing waste, wastewater, and solid waste utility services being paid by the user. In 2012, the town completed a water meter replacement program. The previous meters were reaching the end of their life cycle and were typically reading low. Consumption data is being reviewed before rates are adjusted.

Utility users are billed bi-monthly for services by the Town of Swan Hills. As shown in the following table, the Financial Information Returns submitted to Municipal Affairs indicate that the total utility revenue and expenses, in 2009 and 2011 resulted in a deficit and in 2010 and 2012 generated a surplus. The revenues and expenses for each utility are provided in each utility service section.

Table 32: Overall Utility Balances 2009, 2011, and 2012

| Year | 2009 | 2010 | 2011 | 2012 |
|---|--------------------|----------------|--------------------|------------------|
| Revenue | \$495,609 | \$733,360 | \$1,049,497 | \$1,391,806 |
| Expenses | \$931,473 | \$728,696 | \$1,263,348 | \$1,186,234 |
| Surplus/Deficit | (\$435,864) | \$4,674 | (\$213,851) | \$205,572 |
| Reference: Town of Swan Hills Financial Information Returns (FIR) to Municipal Affairs. | | | | |

Water Services

The bi-monthly utility rates charged to customers, as of March 2012, are shown in Table 33.

**Table 33: Town of Swan Hills Bi-Monthly Water Utility Rates
Residential and Commercial Property**

| Service | Consumption | Cost |
|---|-----------------------|--------------------------------------|
| Residential water sales are to single family dwellings, multifamily dwellings, apartments, motels, and hotels; and Non-Residential water sales are to commercial and industrial users that are not included as residential | 0-15 cubic metres | \$40.32 |
| | 16-45 cubic metres | \$40.32 plus \$0.90 per cubic metre |
| | 46-90 cubic metres | \$66.32 plus \$0.99 per cubic metre |
| | 91-850 cubic metres | \$109.69 plus \$1.07 per cubic metre |
| | Over 850 cubic metres | \$10.00 per cubic metre |
| Bulk Water | | \$10.00 per cubic metre |
| Reference: Town of Swan Hills Policy 12-005 | | |

As shown in Table 34, the water utility revenue from utility rates and the related expenses resulted in a deficit in 2009, 2010, and 2011 and generated a surplus in 2012.

Table 34: Net Revenue for Water Services, 2009 - 2012

| | 2009 | 2010 | 2011 | 2012 |
|---|--------------------|--------------------|--------------------|-----------------|
| Water Revenues | \$265,381 | \$448,204 | \$731,603 | \$914,475 |
| Water Expenses | \$715,193 | \$567,706 | \$980,457 | \$841,753 |
| Net Revenue | (\$449,812) | (\$119,502) | (\$248,854) | \$72,722 |
| Reference: Town of Swan Hills Financial Information Returns (FIR) to Municipal Affairs. | | | | |

Wastewater Services

Wastewater utility services in the town are funded through bi-monthly fees charged to each customer. The wastewater utility rates in the Town of Swan Hills are structured based on the metered water consumption. As of March 2012, the wastewater rates charged to customers are listed in Table 35.

Table 35: Town of Swan Hills Bi-Monthly Wastewater Utility Rates,

| | Consumption | Cost |
|---|----------------------|-------------------------------------|
| Residential and Commercial Property | 0-15 cubic metres | \$18.14 (minimum rate) |
| | Over 16 cubic metres | \$18.14 plus \$0.80 per cubic metre |
| Reference: Town of Swan Hills Policy 12-005 | | |

As shown in Table 36, the wastewater utility revenue from utility rates and expenses resulted in a deficit in 2011 and generated a surplus in 2009 and 2012.

Table 36: Net Revenue for Wastewater Services, 2009 - 2012

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------------|-----------------|------------------|------------------|
| Wastewater Revenues | \$119,228 | \$118,969 | \$158,034 | \$318,177 |
| Wastewater Expenses | \$48,975 | \$35,889 | \$160,964 | \$131,188 |
| Net Revenue | \$70,253 | \$83,080 | (\$2,930) | \$186,989 |
| Reference: Town of Swan Hills Financial Information Returns (FIR) to Municipal Affairs. | | | | |

Solid Waste Management Services

The town provides weekly curbside pick-up, composting, and recycling services. Residents can also take waste to the town landfill site. The town's landfill site has been capped and now serves as a transfer station. Solid waste is trucked 135 kilometres to the regional landfill at Enilda. The town has an agreement with the regional landfill authority, operated by the MD, to take the town's solid waste to the landfill site. The town is not a member of the authority. Annually, the town provides a town-wide clean up in the spring. The solid waste utility rates are structured based on actual usage. The rates from 2007 to 2014 are listed in Table 37.

Table 37: Bi-Monthly Solid Waste Home Collection Fees, Town of Swan Hills

| | 2007 - 2012 | 2012 - present |
|---|----------------------|----------------------|
| Solid Waste Home Collection | \$24.61 (bi-monthly) | \$37.42 (bi-monthly) |
| Environmental fee (recycling) | \$3.90 (bi-monthly) | \$13.90 (bi-monthly) |
| Reference: Town of Swan Hills Policy 12-005 | | |

As shown in Table 38, the waste management utility revenue from utility rates, which are based on actual usage. The expenses resulted in a deficit in 2009 and 2012 and generated a surplus in 2010 and 2011.

Table 38: Net Revenue for Waste Management Services, 2009 - 2012

| | 2009 | 2010 | 2011 | 2012 |
|---|--------------------|-----------------|-----------------|-------------------|
| Waste Management Revenues | \$111,000 | \$166,187 | \$159,860 | \$159,154 |
| Waste Management Expenses | \$167,305 | \$125,091 | \$121,927 | \$213,293 |
| Net Revenue | (-\$56,305) | \$41,096 | \$37,933 | (\$54,139) |
| Reference: Town of Swan Hills Financial Information Returns (FIR) to Municipal Affairs. | | | | |

Road and Sidewalk Maintenance

The town is responsible for the maintenance of the roads. Pursuant to the town's Community Standards Bylaw, the town clears snow from roads in accordance with the town's roadway winter maintenance policy. The occupant or owner of a property is responsible for removal of snow from the sidewalk beside their property.

Land Use Planning and Development

The town's current Land Use Bylaw and Municipal Development Plan (MDP) were adopted in 2012. The town contracts planning services when required.

The purpose of the MDP is to guide future growth and development to ensure that it is sustainable, orderly, appropriate, complementary, efficient, and that it enhances the quality of life for the citizens of Swan Hills. A planning document, the MDP includes goals and policies to address:

- development opportunities and constraints;
- residential, commercial, and industrial development;
- recreational and institutional development;
- transportation and utilities;
- environment and agriculture;
- environmental reserves, open spaces, and fire smart policies;
- economic development; and
- Inter-municipal cooperation.

The town owns a 40-acre parcel of land at the intersection of Highways 33 and 32 in the southwest portion of the town that is available for future development. Other vacant land within the town includes the privately owned site of the former trailer court at 5631 Pan Am Street and undeveloped Crown land. The province sells Crown land at market value.

Economic Development Services

The Town of Swan Hills Economic Development Committee was established by council to promote development in the town. The town is also a member of GROWTH Alberta. This economic alliance is with the Pembina Hills Regional (Schools) Division and communities to the southeast of Swan Hills. At this time, the town does not have an economic development plan.

Businesses operating within the town are required to have a business license in accordance with the town's business license bylaw. The cost of a resident business license is \$50 and a non-resident business license \$100. The following table shows the number of licenses issued in Swan Hills during the past four years.

Table 39: Town of Swan Hills Business Licenses 2010 - 2013

| Year | Number of Licenses Issued |
|------|---------------------------|
| 2010 | 121 |
| 2011 | 111 |
| 2012 | 118 |
| 2013 | 111 |

Policing and Bylaw Enforcement

The Swan Hills detachment of the RCMP provides policing services for Swan Hills and its surrounding area as well as running a wide array of community policing programs such as Streetwise, child identification, Oilfield Crime Watch and Rural Crime Watch.

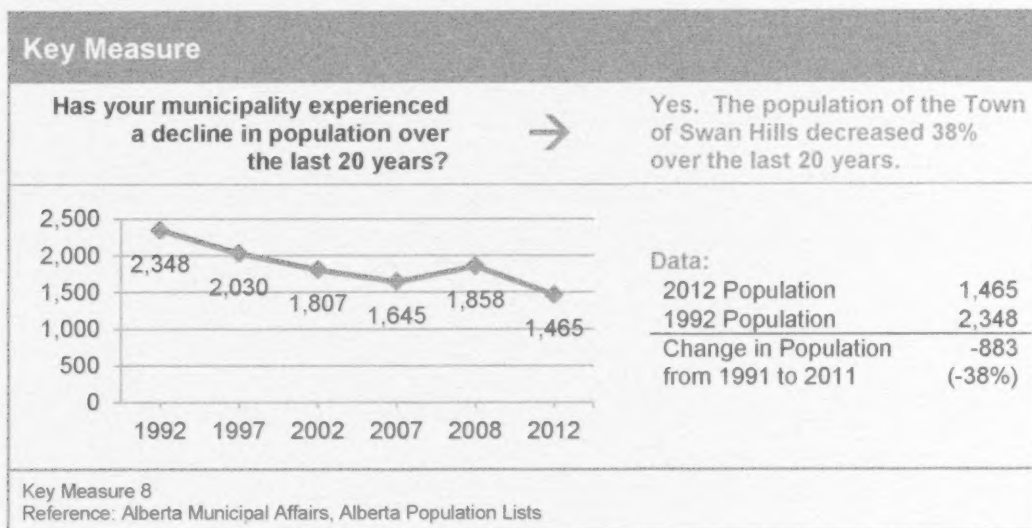
The Town of Swan Hills Protective Services employs one full-time Director of Protective Services who is the Peace Officer for the town.

Bylaws currently enforced are:

- animal control,
- community standards,
- parks and campground use, and
- traffic safety – including quads and snowmobiles.

7. Community Well-being

Demographics



A number of provincial grants received by the Town of Swan Hills are calculated based on the population of the town. In 2013, the population of the town was 1,465.

The town conducted a municipal census in 2013 to ensure that the population was correct in order to maximize grant revenues. The census result indicated that the population had not increased since the federal census in 2011.

The population of the town does not include temporary residents of Swan Hills who reside in the town and work in the surrounding area.

Table 40 lists the population of the town from 1992 to 2013.

Table 40: Population of the Town of Swan Hills, 1992 to 2013

| Years | Based On | Population |
|--------------------|-----------------------|------------|
| 1992 - 1996 | 1991 Federal Census | 2,348 |
| 1997 - 2001 | 1996 Federal Census | 2,030 |
| 2002 - 2006 | 2001 Federal Census | 1,807 |
| 2007 | 2006 Federal Census | 1,645 |
| 2008 - 2011 | 2008 Municipal Census | 1,858 |
| 2012 - 2013 | 2011 Federal Census | 1,465 |

According to the 2011 Federal Census, 79 per cent of the population of Swan Hills is over the age of 15 compared with 81 per cent of the population of all of Alberta. Table 41 provides the age breakdown of residents of the Town of Swan Hills in 2011.

Table 41: Age Profile of the Town of Swan Hills, 2011

| Age Range | Number of Residents |
|---|---------------------|
| 0-19 | 420 |
| 20-54 | 800 |
| 55+ | 270 |
| Note: The number of residents listed in this table is rounded based on 2011 Statistics Canada's census standards. | |

Community Groups

The Town of Swan Hills provides financial support to community groups as part of the annual budget process.

There is a strong sense of community pride and volunteerism in Swan Hills. Through fund raising and volunteer contributions community members:

- equipped the community fitness centre operated by the Swan Hills Life Skills and Fitness Society;
- constructed a skateboard park;
- organized a community clean-up;
- built the Swan Hills Keyano Centre;
- host twice monthly events for residents who are over the age of fifty;
- built a motor cross track for organized events and individual use; and
- cleared and maintain the Golden Triangle snowmobile trails.

Family and Community Support Services

Family and Community Support Services (FCSS) is a unique 80/20 funding partnership between the Government of Alberta and participating municipalities. The Swan Hills FCSS program provides a variety of support programs for the residents of Swan Hills. A town councillor is appointed by council to the FCSS board.

Library Services

The Swan Hills Municipal Library Board operates the library located in the town administration building. The town is a member of the Yellowhead Regional Library. The town provides operational funding to the library board and the regional library system. Council representatives are appointed to the municipal and regional library boards.

Housing Services

The town is a member of the Swan Hills Housing Board, established by a Ministerial Order, to serve the residents of the town. The management body administers an eight-unit community-housing complex in Swan Hills that is managed by the Barrhead and District Social Housing Association. The association operates two lodges for seniors and two self-contained housing complexes in the Town of Barrhead, and six self-contained units in the hamlet of Fort Assiniboine.

In a letter to the Swan Hills Housing Board dated February 20, 2014, the Minister of Municipal Affairs stated that as requested by the board of directors for Swan Hills Housing and upon receipt of a close out audit, the operations of Swan Hills Housing would be transferred to the Barrhead and District Social Housing Association. At that time, the Swan Hills Housing Board will be disestablished.

The town is a member of the Barrhead and District Social Housing Association and is requisitioned by the association. The requisition is funded through town property taxes.

The town council has indicated its support for more funding for housing for senior citizens located in the Town of Swan Hills.

Parks and Recreation

The Town of Swan Hills owns and operates two tennis courts, a basketball court, an indoor swimming pool, curling arena, and the Centennial Arena available year-round (in the winter for skating and hockey events and in the summer for programs including floor hockey and basketball).

10-year Capital Spending Plan – Town Recreational Facilities

The proposed projects and upgrades for town recreational facilities, as outlined in the town's 10-year Capital Spending Plan, are listed in Table 42.

Table 42: 10-year Capital Spending Plan – Recreational Facilities

| Facility | 10-year Project Costs |
|---------------|-----------------------|
| Keyano Centre | \$277,000 |
| Swimming Pool | \$425,000 |
| Arena | \$326,500 |
| Campgrounds | \$160,000 |
| Total | \$1,188,500 |

8. Risk Management

Protective Services

Swan Hills Emergency Management is responsible for developing and maintaining a municipal emergency plan, ensuring compliance with the provincial *Emergency Management Act*, and ensuring business continuity of town programs and services in the event of emergency of disaster incidents.

The Swan Hills volunteer fire department is responsible for fire suppression services in the town. The town has a mutual aid agreement with Alberta Environment and Sustainable Resource Development (ESRD) to provide services to the neighbouring crown land. ESRD pays the town for services.

10-year Capital Spending Plan – Protective Services

The proposed projects and upgrades for protective services, as outlined in the town's 10-year Capital Spending Plan, were updated in March 2014 and are listed in Table 43.

Table 43: Protective Services 10-Year Capital Spending Plan

| Year | Firefighting Equipment | Estimated Cost |
|----------------------------------|--|--------------------|
| 2014 | Structural firefighting boots | \$4,500 |
| | Personal alert safety system devices | \$4,000 |
| | Self-contained breathing apparatus (SCBA) cylinder replacement | \$5,200 |
| | Scott AV 2000 firefighting mask for SCBA | \$3,600 |
| | Fire hose tester | \$5,000 |
| 2015 | Replace 1984 pumper truck | \$200,000 |
| | Fire hose replacement | \$50,000 |
| 2016 | Ice/water rescue equipment | \$25,000 |
| 2017 | Fire Hall expansion/addition | \$450,000 |
| 2018 | SCBA cylinder replacement | \$5,200 |
| 2020 | SCBA cylinder replacement | \$44,200 |
| 2021 | Replace 2001 pumper truck | \$600,000 |
| For annual replacement programs: | | |
| 2014 - 2022 | Turnout gear - \$3,500 each year | \$31,500 |
| 2015 - 2022 | Wild land firefighting gear - \$800 each year | \$64,000 |
| Total | | \$1,455,200 |

The Swan Hills Fire Hall requires an addition as the fire department has outgrown its current space.

The Swan Hills Fire Department purchases and replaces firefighting equipment in accordance with the National Fire Protection Association (NFPA) standards.

- A pumper truck, up to 20 years old, can be used as a primary unit and a truck, up to 30 years old, as a secondary unit if it meets NFPA standards.
- Turnout gear must be replaced every ten years regardless of visible condition.
- SCBA are mandated by NFPA. Each pack must meet current standards, there must be a spare cylinder for each unit, and each firefighter must have their own SCBA mask.
- Fire hose must be compliant with NFPA standards for care, use, inspection, service testing, and replacement for fire hose, couplings, and nozzles.

Risk Mitigation

The town does not have a risk mitigation plan to address the loss of critical community resources such as labour or major industries. The decline in population of the Town of Swan Hills could be considered a risk factor to the municipality.

How You Can Contribute to the Viability Review

The Initial Findings Report provides members of the Swan Hills community with information on what the Viability Review Team has reviewed and analyzed so far. Residents, stakeholders, and members of the public are asked to participate in the next phase of the viability review where they can contribute to the Viability Review Team's determination of the viability of the Town of Swan Hills.

Considerations for Stakeholder Input

The Viability Review Team needs additional information from stakeholders to assist in making a viability determination. The team asks residents, property owners, and other stakeholders to review the Initial Findings Report and consider what is important to them about:

1. governance of the town and political representation at the local level;
2. types of municipal services and costs to the consumer (including utility rates);
3. quality of life in Swan Hills;
4. the amount of property taxes levied by the town for municipal purposes; and
5. other viability issues the team should consider.

These topics will be discussed at the stakeholder engagement events in May 2014. Please see the next section for more information about the events.

Ways to Contribute to the Viability Review

Local residents, property owners, and other stakeholders can contribute to the Town of Swan Hills Viability Review in the following ways:

⇒ **Participate in a stakeholder engagement event hosted by the Viability Review Team**

On Friday, May 9, 2014, the Town of Swan Hills Viability Review Team will hold two stakeholder engagement events, a drop-in open house and a public meeting.

The objectives of both events are to explain the viability review process, to give stakeholders an opportunity to discuss the viability of the Town of Swan Hills, and to gather input regarding the viability of the Town of Swan Hills.

You are invited to the stakeholder engagement events:

Drop-in Open House

Date: Friday May 9, 2014
Time: 2:30 p.m. to 5:00 p.m.
Location: Swan Hills Keyano Centre
5632 Main Street
Swan Hills, Alberta

Public Meeting

Date: Friday May 9, 2014
Time: 6:30 p.m. to 9:00 p.m.
Location: Swan Hills Keyano Centre
5632 Main Street
Swan Hills, Alberta

Provide written input to the Viability Review Team

For residents, property owners, and members of the public who are not able to participate in the stakeholder engagement events, or would prefer to contribute by writing, written submissions can be sent to the Viability Review Team at the following mailing address by May 31, 2014

Alberta Municipal Affairs
Attention: Town of Swan Hills Viability Review
17th Floor, Commerce Place
10155 – 102 Street NW
Edmonton, AB T5J 4L4

Submissions will also be accepted by fax at 780-420-1016 or by email at viabilityreview@gov.ab.ca.

Questions?

For further information, please contact:

Linda Reynolds
Municipal Sustainability Advisor
Alberta Municipal Affairs

Email: viabilityreview@gov.ab.ca

Toll-free in Alberta by dialing: 310-0000 and entering 780-427-2225